



Remarks For

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Delivered At The

WHITE HOUSE MEETING ON THE COLOMBIA FTA

Washington, DC

April 14, 2008
2:15 pm

Thank you Ivette [Fernandez]. It's very exciting to be here today with all of you. I'm also very excited that Secretary Carlos Gutierrez will be joining us a bit later this afternoon.

Secretary Gutierrez has been one of the leading voices for the Colombia FTA – just as he has been one of the leaders of expanding international opportunities for U.S. businesses. Not only is he a leading voice, he's also quite eloquent, so I'm thrilled to be here and listen to him as well.

Right now, though, I'd like to get right to the point: the Colombia FTA is a tremendously important deal that is not being given fair treatment in Congress.

Although I've been in government since 2006, I spent more than 30 years working in the private sector. I know a good deal when I see one, and there's no question that the Colombia FTA is a good deal.

It's good for America's interests internationally, it's good for our strong ally President Alvaro Uribe and for the great progress he has made in Colombia, and it's good for U.S. businesses.

I'd like to emphasize this last point. The Colombia FTA is good for American businesses, and it's particularly good for America's small businesses.

Many people don't think about small business exporters when they think about free trade.

But the fact is that America's small businesses will benefit from the Colombia free trade agreement. Small exporting companies account for 35 percent of U.S. exports to Colombia, and as exports to Colombia are expected to grow by \$1 billion as a result of the agreement, small businesses stand to gain significantly.

Of the more than 9,000 U.S. companies that export to Colombia, almost 8,000 of them are small or medium-sized businesses.

In fact, about 97 percent of all American exporters are small or medium-sized businesses. And they account for about 30 percent of our exports.

We've seen a very strong growth in exports since the 1990s, and small businesses have been an important part of that – and with good reason.

Arguably there has never been a better time to export.

- Marketing to buyers in other markets, for one, has become dramatically easier with the spread of the Internet. An American company can attract buyers from around the world with a web site designed and maintained in any city or town in the country.
- Email, global telecommunications, and widely available transaction technologies have helped bridge the communications divide, making it cheaper and easier to stay in close contact with customers, and transact with them.
- Other logistical impediments are also being overcome. It's much easier and faster to send and receive goods, regardless of their source or destination. Before coming to government service I was President of international operations for Latin America and the Caribbean for UPS, so I'm happy to tell you just how much easier we made that process.

Despite the many advances that have allowed small businesses to compete in international markets, several roadblocks for small business exporters remain. These include:

- tariffs,
- non-tariff barriers such as burdensome paperwork and other restrictions,
- difficulties in getting products across borders,
- concerns over intellectual property rights,

This is where policy comes in.

While free trade agreements help all exporters, they have particular benefits for small business exporters. Let me explain that:

- Large firms grapple with these tariff and non-tariff barriers.
- So if these are a challenge for a large organization that does a much higher volume of business and can support a staff dedicated to dealing with these issues, imagine how much harder it is for a company with five or ten employees to expand into other markets.
- In fact, it can be prohibitively complex or expensive.
- But with the benefits of well-structured free trade agreements, it's much easier for small businesses to go international.

Past free trade agreements have also been good for small business exporters. I know it's popular these days to speak negatively about NAFTA, but the deal was a boon for small business exporters. Just consider the results:

- Small business exports to Canada and Mexico between 1992 and 2003 almost doubled (from \$25 billion to \$48 billion), and
- Grew as a percent of all small business exports (from 24 percent to 28 percent).

So, why is the Colombia FTA such a good deal?

First, the agreement levels the playing field for U.S. exporters, reducing tariffs on U.S. goods sold in Colombia.

Right now, 92 percent of Colombian exports enter the United States duty free. U.S. exports to Colombia, however, face tariffs of 35 percent – and much higher in some cases. The FTA corrects this very basic inequality and allows U.S. exports to be competitive in Colombia.

Second, the agreement enhances access in other ways by addressing many non-tariff barriers like unclear regulations, challenges in expediting goods at the

border, inadequate intellectual property protection and other administrative burdens.

And this, as I said, is a very big help for small business. Otherwise, small firms face very big challenges in selling their products overseas.

And what benefits small businesses benefits our economy as a whole. Small businesses:

- Employ half of the private sector workforce and create more than two-thirds of net new jobs.
- Account for half of nonfarm GDP.
- Are major drivers of innovation. In fact, innovative small firms generate about 13 times as many patents per employee as their larger competitors.

Entrepreneurship also has a very special place in our society. For millions of Americans, small business ownership has been the path to a better life.

Entrepreneurship is a proven way for Americans in all communities to work hard, become successful, and take control of their own futures.

For all of these reasons, it's vital for us in Washington to enact good policies that create the right environment for small businesses. And to do this, Congress needs to pass the Colombia FTA.

Reducing barriers and opening international markets holds important benefits for America's small business exporters – and for the U.S. economy. That's why ratifying the Colombia FTA is so vital...and why everyone's efforts are so important. By providing enhanced access to international markets, we are enabling small businesses to grow, create jobs, drive innovation, and keep America's economy strong.